

## Message Text

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PAGE 01 BANGKO 04620 020455Z  
ACTION OPIC-06

INFO OCT-01 EA-07 ISO-00 EB-08 COME-00 INT-05 GSA-02 L-03

CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01

SP-02 /049 W

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R 020430Z MAR 77

FM AMEMBASSY BANGKOK  
TO SECSTATE WASHDC 9714

LIMITED OFFICIAL USE BANGKOK 4620

E.O. 11652: N/A

TAGS: EMIN, TH

SUBJ: THAI ZINC: AGREEMENT IS IN SIGHT

REF: BANGKOK 4059

1. BANGKOK NEWSPAPERS MARCH 2 REPORTED "BREAKTHROUGH" IN THE THAI ZINC (TZ) PROJECT, AND TZ EXECUTIVES AGREE THAT IT NOW APPEARS LIKELY CONTRACT WILL BE SIGNED SOON, POSSIBLY THIS MONTH, WHICH WILL PERMIT TZ TO GO FORWARD WITH PLANS TO CONSTRUCT U.S. \$90 MILLION ZINC SMELTER AT TAK.

2. BASIS FOR "BREAKTHROUGH" WAS ACCEPTANCE BY NEW JERSEY ZINC CO. (NJZ), TZ'S PARENT FIRM, OF FIVE-YEAR LIMITATION ON PROFIT-SHARING FORMULA RATHER THAN SEVEN YEARS AS SOUGHT BY TZ (PARA. 2 REFTEL)

3. TZ ON MARCH 1 CONFIRMED ACCEPTANCE OF LIMITATION, IN PRESS RELEASE, ADDING THAT THIS ACTION WAS "CONDITIONAL" UPON THE THAI TEXT OF THE PROPOSED CONTRACT CORRESPONDING FAITHFULLY TO THE ENGLISH CONTRACT AGREED TO IN PRINCIPLE IN TALKS BETWEEN TZ, THE RTG, NJZ, AND THE INTERNATIONAL FINANCE COMPANY IN DECEMBER. THIS IS REFERENCE TO FACT THAT LAWYERS IN RTG'S PUBLIC PROSECUTORS OFFICE HAVE MADE

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WHAT TZ LAWYERS BELIEVE TO BE SUBSTANTIVE CHANGES IN THAI TEXT OF CONTRACT THEY HAVE PREPARED. HOWEVER, TZ OFFICIALS WEEK AGO DISCUSSED PROBLEM WITH DIRECTOR-GENERAL OF PUBLIC PROSECUTOR'S OFFICE AND WITH MINISTER OF INDUSTRY, AND NOW BELIEVE PROBLEM STEMS FROM MECHANICAL RATHER THAN POLICY ISSUES, AND THAT SATISFACTORY TEXT WILL BE AGREED TO SOON. IN LETTER OF ACCEPTANCE OF BASIC TERMS TO MINISTRY OF

INDUSTRY, TZ OFFICIALS PROPOSED THAT, IF POSSIBLE, CONTRACT BE SIGNED MARCH 21, FIFTH ANNIVERSARY OF TZ (AND FIRST DAY OF SPRING.)

4. IT IS, OF COURSE, STILL POSSIBLE THAT THIS PROJECT, STALLED FOR THREE YEARS AS RESULT FAILURE OF SERIES OF GOVERNMENTS TO TAKE NECESSARY DECISIONS WILL AGAIN TURN SOUR. IF, HOWEVER, CONTRACT IS SIGNED SOON-- AND WE BELIEVE IT WILL BE--IT WILL BE ANOTHER IMPRESSIVE ACHIEVEMENT FOR THE TANIN GOVERNMENT, AND FOR THE MINISTRY OF INDUSTRY IN PARTICULAR.

WHITEHOUSE

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Review Markings:**  
Margaret P. Grafeld  
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